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Summary of the economic and social survey of Asia and the Pacific, 1999

Executive summary

The economic crisis that began in Asia in 1997 has turned out to be deeper and more long-lasting than had been foreseen. Further, its impact has been widespread, affecting many countries within the region and beyond.

However, declining interest rates, stability in exchange rates and stock markets, improved current account positions, higher foreign exchange reserves and implementation of financial sector reforms should generate mild recovery in the region towards the latter part of 1999, barring any further shocks in the financial markets.

As a result of the economic crisis, a number of countries in the region are experiencing severe social problems. With mounting unemployment, the incidence of poverty has increased. The availability or utilization of essential health and education services has been reduced. The ability of Governments to address these problems has been constrained by reduced revenue collection and, in some cases, by the budgetary targets envisaged under the bailout packages.

Policies at the national, regional and international levels are needed to overcome the problems created by the economic crisis. The prevailing credit crunch has to be overcome, the financial sector strengthened and the corporate sector restructured. Consideration needs to be given to reforming the international financial architecture and intensifying regional cooperation, including consideration of the establishment of an Asian Fund.

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Governments have to play a critical role in ensuring social protection. With that end in view, budgetary allocations for the social sector have to be preserved and augmented. Among other measures suggested are the establishment of a "social fund"; proper targeting of publicly provided goods and services; strengthening of institutional capacity and the information base; involvement of all stakeholders in the design, implementation, monitoring and evaluation of programmes; unemployment insurance schemes; and strengthening of the rural and urban informal sectors.

The expanding range of applications of information and communication technology (ICT), which help to increase the efficiency and flexibility of production, marketing, financial and administrative activities for both the private and the public sectors, presents a new multifaceted challenge for Governments. These applications offer enormous opportunities to enhance the competitiveness of industry, increase the returns from trade, attract foreign direct investment and other forms of external capital, increase the integration of small and medium-sized enterprises into the value chain, and enhance the service provided by the financial sector. There is a very significant threat that countries which do not enter actively into the information age will be increasingly marginalized in the twenty-first century. However, the use of ICT also magnifies the risk of loss of control over a country's economic destiny. Domestic economic policies are forced to become aligned with international ones and trade and investment decisions by both domestic and foreign terms are taken in line with considerations of global competitiveness, which may not always be consistent with national interests.

Because the policy framework enabling a country to become an active participant in information technology is multidisciplinary and involves many ministries, it is complex to formulate and implement. The basic requirement is to create a conducive environment for the development of ICT infrastructure and to promote the training of appropriately skilled human resources. The framework also has to include policies for trade (electronic commerce), production and finance, complemented by modern legal and regulatory systems able to handle electronic contracts. Given the wide range of application of ICT, representatives of various private sector groups need to be involved in the articulation of policy frameworks. In many cases, a Government itself could benefit from increased application of ICT within its own administration. A Government can also assist the private sector with demonstration projects.

In order to maximize the benefits of ICT for developing countries and to minimize associated threats, there is an urgent need to negotiate international agreements on the legal/regulatory architecture for electronic commerce, Internet banking and trading of securities, as well as the setting of standards for connectivity and the interoperability of systems. Developing countries can benefit significantly from the technical assistance programmes offered by international and regional agencies, including those of the United Nations.

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I. Recent economic performance and problems

A. Global economic developments and immediate prospects for the ESCAP region

1. After a growth rate of 3.2 per cent in 1997, the world economy slowed sharply to a rate of 1.7 per cent in 1998. World trade growth in volume terms declined even more precipitately, from 9.7 per cent in 1997 to 3.7 per cent in 1998, while the flow of private finance to developing countries fell in 1998 to about half its level of 1996 and is about 35 per cent less than in 1997.

2. The largest decline was in commercial bank lending. There was also a steep decline in the provision of finance by non-bank creditors and in portfolio equity flows. Flows of foreign direct investment (FDI), however, are estimated to have risen marginally.

3. A number of developments in the world economy have adverse implications for the ESCAP region. The Japanese economy remains weak. Although the economy of the United States of America displays remarkable strength, capital spending, manufacturing growth and exports are tapering off and the current account deficit has begun to widen. In the European Union, growth is tending to slow. On balance, therefore, developed country markets will not be a source of strong demand for exports from the region.

4. A major uncertainty also lies in the behaviour of capital flows. The extent to which confidence was undermined in 1998 and the general risk aversion evident in the developed countries do not suggest that non-FDI private capital is likely to start flowing into the region soon on any substantial scale. The recent trends also suggest that FDI flows may remain concentrated in acquisitions of existing assets, rather than creating new production capacity.

B. Developments in ESCAP developing countries

5. There have been some positive developments within the ESCAP region since the onset of the crisis. These include a downward trend in interest rates, recovery and stabilization in exchange rates and stock markets, and increase in foreign exchange reserves. There are, however, concerns regarding the sustainability of these improvements in the light of only limited progress in financial sector restructuring, the continued credit crunch, the still-growing burden of non-performing loans and no major recovery of exports. On balance, it is likely that the region will experience only marginally better growth performance in 1999 compared with its dismal record in the preceding year (see annex).

6. For South-East Asia, 1998 was perhaps one of the worst years on record. There were large contractions in GDP in several countries, such as Indonesia, Malaysia and Thailand, while GDP growth remained virtually flat in the Philippines and Singapore. Barring Indonesia, inflation rates remained within single digits. Domestic interest rates began to ease significantly. The current accounts of all countries in South-East Asia registered major improvements. This turnaround was largely due to a collapse in imports rather than expansion in exports.

7. In East and North-East Asia, Hong Kong, China and the Republic of Korea experienced large contractions in output. China's growth rate was slightly reduced. Exports from this subregion remained weak and imports fell sharply. Consistent with slower growth, rising uncertainty and demand compression, inflationary pressure in these economies receded. An extreme case was China, where a massive build-up of inventories generated deflationary pressure, and in 1998 prices fell slightly.

8. In the economies of South and South-West Asia, the relative insulation of the financial markets moderated the contagion effect of the regional economic crisis on the domestic economy. In the Islamic Republic of Iran, GDP contracted in 1998 owing to the slump in oil prices. GDP growth rates in other countries remained moderately high. Inflation rates in the countries of the subregion were either lower, or increased very slightly, in 1998 as compared with 1997.

9. Among the least developed countries, growth was much less robust in South-East Asia than in the South Asian least developed countries. One reason was that FDI flows to these countries slowed as investors from Malaysia, Singapore and Thailand either delayed or cancelled proposed projects. Inflationary pressure increased owing to depreciation of their currencies.

10. Except for Papua New Guinea and Solomon Islands, which have substantial trading links with developing Asian countries, and, to a lesser extent, Fiji, the crisis did not have a direct impact on the Pacific island economies. However, many of them were affected indirectly because of the impact of the crisis on Japan and New Zealand, which together absorb a sizeable portion of Pacific island country exports.

11. Central Asian countries recorded positive growth for the first time in 1998. The Russian Federation was the sole economy from North and Central Asia that experienced a serious economic downturn in 1998. A combination of falling output, sharply lower export earnings and government revenues and accelerating inflation undermined the fragile macroeconomic stability achieved by that economy in 1997. The debt freeze severely undermined investor confidence.

C. Policy issues

12. The stubborn persistence of the crisis that engulfed several countries in the second half of 1997 remains the most dominant feature of the economic landscape of the Asian and Pacific region. An indication of the depth of the crisis is given by the fact that developing economies of the ESCAP region as a group recorded a growth rate of close to zero per cent in 1998 as against over 7 per cent in 1996 and almost 6 per cent in 1997. The dismal performance cut across practically all the subregions, with South Asia being the only bright exception. The seriousness of the crisis has prompted considerable reflection on policy measures to prevent such occurrences in the future at the national, international and regional levels.

National level

13. At the national level, there is general agreement that countries need to be more circumspect with regard to the speed and sequence of opening their capital accounts. Those with open capital accounts need to implement their monetary, fiscal and exchange rate regimes much more flexibly. Other issues that have to be dealt with are the institutional arrangements for financial sector supervision, enactment and enforcement of appropriate legislation and rules of behaviour by private business in both the financial and real sectors, and transparency in corporate governance.

14. Economic recovery is the overwhelming challenge facing the region, especially the crisis countries of East and South-East Asia. Strengthening the financial sector is a central issue in this context, with bad debts, recapitalization of banks, high, albeit falling, costs of financial intermediation and the persistent credit crunch in most of these countries tending to hold up recovery. Large-scale public resources will be needed to solve the problem of non-performing loans.

15. In the South Asian countries, the slowness in achieving greater depth in financial markets has been an impediment in diversifying the sources of finance for development. The achievement of higher GDP growth rates has also been constrained by inadequate infrastructure, low productivity and inefficiency in public sector enterprises. Fiscal improvement is another issue with which most of the countries of the South and South-West Asian regions have been grappling with little success.

16. For the least developed countries, poverty alleviation continues to be the major challenge. To break through the poverty syndrome, the existing pace of GDP growth needs to be accelerated significantly. A pertinent policy issue for these countries is how the quality and effectiveness of official development assistance on which they are dependent, can be enhanced.

17. The Pacific island countries face policy issues similar to those of the least developed countries. In addition to the pursuit of higher economic growth, these countries face a daunting challenge in balancing the need for the conservation of resources against exploitation to satisfy their current needs.

18. In North and Central Asia as a whole, the banking sector is underdeveloped and fragile. As a result, it has been unable to provide attractive savings facilities or engage in meaningful intermediation between savers and investors. There is an ongoing need to strengthen banking regulation and supervision.

19. In the Russian Federation, the immediate challenge is to draw up a credible economic recovery plan and to restore confidence in the banking system so as to enable banks to resume intermediation and help in reinvigorating the economy. In addition, improving the Government's fiscal performance remains a major issue.

International level

20. At the international level, strong consideration needs to be given to reform of the international financial architecture. Three areas require attention.

21. First, urgent action is required for prompt and adequate provision of liquidity for pre-empting any major crises, minimizing contagion and mitigating their adverse impact. Hence the need for the establishment of a true international "lender of last resort".

22. Second, in view of the increased frequency and intensity of the crises, caused to a large extent by massive capital movements, a new overseeing body for international capital to be called the World Financial Organization, with

a specific mandate dealing with the monitoring of all short-term cross-border flows, is needed to develop a rule-based system for overseeing, and eventually regulating, international capital flows.

23. Third, it is important that a set of principles be agreed upon internationally for resolving issues related to debt workouts. The proposed World Financial Organization could provide the institutional framework for achieving such agreement.

Regional level

24. There is a strong case for greater regional cooperation in the ESCAP region in such areas as financial sector regulation, the establishment of common prudential standards and the development of early warning systems. The proposal for the establishment of an Asian Fund also merits serious examination.

II. Social impact of the economic crisis

A. Selected aspects of the social impact

The impact

25. The economic crisis in East and South-East Asia has transformed itself into a social crisis, particularly visible in such forms as rapidly rising unemployment, the mounting incidence of poverty and deterioration in health and educational services. The countries most affected in this regard are Indonesia, Malaysia, the Republic of Korea and Thailand.

26. The mounting unemployment and erosion of real incomes have brought about a sharp increase in poverty. It is estimated that, by the middle of 1998, the proportion of poor people in Indonesia had swelled to 40 per cent from only 11 per cent in 1997. In Malaysia, poverty was estimated to have risen from 6.8 per cent in 1997 to 8 per cent in 1998. In Thailand, the incidence of poverty had increased from 11.4 per cent in 1996 to 15.3 per cent in 1998.

27. The sharp decline in incomes has had a negative impact on the consumption of health and educational services. Urgent curative care has been given preference, to the comparative neglect of preventive services. Demand for the less expensive Government-provided services has replaced that for the relatively expensive and better-quality services provided by the private sector. At the same time, the public sector's ability to cope with the increased demand for its services has been constrained by the limited budgetary resources available. For many in the impoverished groups, the education of children is no longer affordable, leading to drop-outs at all educational levels.

Responses to the crisis

28. Governments of the affected countries have implemented programmes and policies to arrest the rapidly deteriorating social conditions. In Indonesia, a major social safety-net programme has been initiated. The Government of Malaysia has introduced several measures to arrest the decline in social welfare arising from the economic crisis. The Government of the Republic of Korea has set up a comprehensive unemployment benefits package, including an expanded unemployment insurance system, a subsidized loan programme for the unemployed and for small-scale businesses and public works programmes. Thailand has launched a social investment project to provide the poor with comprehensive assistance in the form of creation of employment and provision of training as well as capital.

B. Major policy recommendations

29. Governments have to play a critical role in ensuring social protection. The following suggestions are offered for consideration by Governments:

(a) Budgetary allocations for social services should be preserved or, if possible, augmented;

(b) Governments may wish to establish a formal "social fund" in order to provide those who slide into extreme poverty with minimum income support;

(c) There should be careful targeting of measures initiated by Governments;

(d) The institutional capacity and information base required to design and implement targeted projects must be strengthened;

(e) The involvement of local governments, non-governmental organizations, other civil society organizations and beneficiaries needs to be secured in the design, implementation, monitoring and evaluation of programmes;

(f) Serious consideration should be given to the introduction of an effective system of unemployment insurance;

(g) The role of the rural sector as well as the urban informal sector as a cushion should be reinforced;

(h) Governments need to review their development strategies seriously and ensure microeconomic efficiency in order to minimize vulnerability to crises in the future.

III. Globalization, information technology and development

A. Information and communication technology and globalization

30. A hallmark of the closing years of the twentieth century is the marked intensification of the process of globalization. The rapid spread of the use of information and communication technology (ICT) is both an outcome and a determinant of this process, which has manifested itself in accelerated movement of goods, services, factors of production and technology across national boundaries. While there are many positive outcomes from the continuing improvements in ICT, there are also escalating risks associated with its use.

31. ICT is a generic term covering computers, broadcasting, telecommunications, data networks and smart components which are being increasingly applied in diverse uses. It consists of computer systems, data communication systems, knowledge systems, office systems and consumer electronics. As new forms of ICT function interdependently, the assembly of ICT is an intelligent information network. This is leading to the information superhighway, of which the Internet is an example, which provides connectivity for any conceivable transaction, including trading, banking and financial transactions, organization of production, delivery of services such as airline tickets, books and newspapers, software and music compact discs, and home shopping.

32. Economic globalization arises out of the interaction between market- and technology-related factors as well as economic policies at the national and international levels. Market-related factors include increased competition for resources and in the production of the same goods and services, greater engagement in international trade and enhanced efforts to attract foreign direct investment (FDI). These have all been assisted by technological and information-related improvements.

33. In terms of technology-related factors, the componentization of production, facilitated by advancements in both manufacturing technologies and ICT, has led to lower costs, the dramatic shortening of economic distances and fewer distinct markets.

B. Potential benefits to developing countries from applications of information and communication technology

34. There are four dimensions of the positive impact of ICT on economic growth. First, ICT allows process innovation (new ways of doing old things), which increases productivity and creates new value added. Second, innovative economic activities (new ways of doing new things) may be generated. Third, ICT represents a new factor of production, along with land, labour and capital, which can lead to economic restructuring. Finally, it represents a new means of organizing activities through its synergies with other technologies.

35. Some new applications of ICT have made it possible to carry out production and service activities efficiently on a small scale. Advances in telecommunications enable enterprises that are geographically separated to communicate both within a country and across borders. The growing decentralization and globalization of many industries provide new opportunities for developing countries and small and medium-sized enterprises within them to participate in regional and global economic ventures.

36. New applications of ICT are profoundly changing the service sector. In particular, the nature and structure of financial, insurance, marketing, distribution and tourism and travel businesses have been transformed by the improvements in the speed, reliability and cost of manipulating vast quantities of information related to financial, inventory and sales transactions. At the same time, providers of services, traditionally small and decentralized, are being linked nationally and globally through the use of communication technology.

37. The application of ICT is being used to improve the economic efficiency of the banking and financial sector, both to provide clients with services more conveniently and rapidly and to permit financial intermediaries to evaluate more correctly the investment preferences of savers. ICT is also integral to a better regulatory system of financial institutions and financial markets, reducing the possibilities for fraud and enhancing credit-risk assessment and supervisory functions.

38. In the medium term, there is the potential for enormous economic benefits from a broader and more integrated use of ICT in socio-economic development. The potential is, however, crucially dependent on the capacity to disperse ICT capabilities across a broad range of economic activities and income groups.

IV. Applications of information and communication technology in the areas of production, trade and finance

A. Status of application in developing countries of the ESCAP region and constraints on wider application

39. Within the ESCAP region, which has witnessed high growth in investment in ICT in the 1990s, there are very significant variations in its diffusion. Much more progress in making ICT applications accessible to economic actors has occurred in the newly industrializing economies and the members of the Association of South-East Asian Nations (ASEAN) and in some other larger countries, including China and India. In practically all countries, there is still very limited accessibility of ICT components, such as cellular phones and Internet connections, to large segments of the population outside urban areas and to lower-income groups.

40. In the area of production, there has been considerable diffusion of productive units of transnational corporations throughout the region, particularly in the newly industrializing economies and the members of ASEAN and more recently in China, which use ICT to take advantage of country differences in factors of production.

41. A number of countries have developed strategies to attract investment for the development, production and application of ICT in the twenty-first century. These plans emphasize creating a competitive foundation for the future development of information infrastructure.

42. In the area of trade, the most progress in the region has been in the automation of customs procedures, applying electronic data interchange processes to exports and imports, with several countries undertaking projects to simplify and harmonize customs procedures, put them on the Internet and connect them with transport and other logistical procedures. There has also been increasing use of ICT for the promotion of trade and investment, involving applications to match trade and investment opportunities, especially for small and medium-sized enterprises; advertising over the Internet and producing electronic catalogues. There have been a few fledgling initiatives in the area of Internet commerce.

43. In the area of finance, the computerization of banks in the ESCAP region has been fairly extensive and is continuing to deepen to enhance customer service, save on costs and improve credit assessment procedures.

44. The more developed securities exchanges in the region are increasingly using electronic trading systems with "floorless" markets. The recent volatility in stock prices in the region has led many exchanges and their regulatory authorities to take a new look at the rules governing supervision of trading.

45. Central banks and monetary authorities have been increasing the use of ICT in undertaking the supervisory functions for the domestic financial system in terms of reporting mechanisms and information flows. The financial crisis in Asia has stimulated them to take this further and are widening the scope of monitoring to include the flows of investment funds in and out of the country.

46. There are several constraints facing developing countries which affect the spread of applications of ICT. Many of the applications are of very recent origin and it will take some time for them to be absorbed by potential users and by regulators. Further, the technologies and possible applications are changing rapidly, which makes it difficult to keep up, especially in less developed economies. There are frequently problems associated with connectivity. These involve lack of infrastructure, problems with its reliability and relatively high costs of access.

47. There are limitations arising from the underdeveloped state of markets for electronic equipment, both hardware and software — either very limited availability of products or a lack of competition. There are also problems associated with a scarcity of appropriately skilled personnel to handle the operations. There are constraints connected also with limitations of existing legal systems that were not designed to cope with ICT-based processes.

B. Risks to economic security associated with applications of information and communication technology

48. The issue whether the increasing application of ICT threatens the economic security of countries, particularly developing countries, is a serious one. There are new vulnerabilities facing domestic industries in an ICT-intensive world, three of which appear to be of immediate concern. First, as the position of foreign corporations in the production structures of many industries is likely to become more pervasive, there is a risk that it will be more difficult to stimulate the development of local entrepreneurship. Second, there are balance-of-payments risks in that the inflows of capital through FDI or other forms do not necessarily match outflows of remittances of various sorts,

and there are likely to be periods of unanticipated deficits on the capital account, and sometimes even prolonged deficits. Third, the use of ICT means that production units become more footloose and a Government cannot count on the presence of a transnational corporation or even its domestic firms over the longer term as part of its development strategy unless it maintains the locational attractiveness of its economy.

49. In the financial area there are significant risks that, unless the financial sectors and institutions in a country are modernized and supervised in a fashion that takes into account the applications of ICT that allow funds to flow freely around the world, these sectors will continue to be illiquid and volatile.

50. The broad challenge for Governments is to facilitate a new balance between an ICT-dominated global market and local societies: one that will continue to unleash the creative energies of private entrepreneurship without eroding the social basis of cooperation. As ICT is a crucial parameter in this emerging paradigm, it is important that there be an understanding that countries, economies, enterprises and individuals will in fact be more threatened and marginalized by non-participation in the diffusion of ICT than by active participation in its development and its varied applications. ICT is a tool; it is not a threat in itself, but its application will determine whether it is an advantage or a problem.

V. Policy issues

A. National level

51. The experiences of countries to date indicate that obstacles to becoming an active adopter of ICT and a vigorous participant in the ICT era can be attributed to problems in learning processes, social and cultural barriers, policy-related or institutional limitations, including the legal/regulatory environment, and market imperfections. ICT policies are necessarily multidisciplinary and cut across several ministries. Thus, policy frameworks should clearly set priorities, promote training for the related human skills, improve the conditions of access, develop the infrastructure and construct an appropriate legal basis for operation.

52. It is important that progress in the application of ICT be driven by needs and national priorities, not by the technology itself. In policy development, therefore, there needs to be active participation by different user groups to incorporate their specific requirements and circumstances in the national information network.

53. National policies in the trade area that are crucial include the adoption of electronic data interchange modalities to speed up and simplify customs clearance; to initiate steps towards seamless integrated trade transactions; to use ICT to assist with trade and investment promotion, especially for small and medium-sized enterprises; to develop pilot Internet commerce programmes and to work on making the necessary changes or additions to laws and regulations. National policies in the financial sector include the encouragement of more intensive and wider use of ICT for customer services provided by banks, computerization and linking of offices of banks and interbank operations and development of ICT-based monitoring and reporting mechanisms.

B. International and regional levels

54. There is a need for an international policy framework to provide, *inter alia*, universally accepted codes of conduct, so that the use of ICT can be supportive of the development efforts of developing countries. The framework has to cover both competition and coordination, include the broad issues of trans-border data flows, international trade in information services, standards of both a technical and a regulatory nature, access to information technology know-how and markets, intellectual property rights, and donor coordination in ICT-related assistance. It has to address problems of trade barriers and inadequate internationally accepted legal structures as well as problems with the global technical infrastructure.

55. In terms of areas of cooperation, one of the most important is coordination of standards and regulations on the use of the Internet. Without agreements in these areas, connectivity between countries and inter-operability among systems cannot be assured. Cooperation is also important in the area of transparency and trans-border data flows so that access to information is not blocked at national borders.

56. A proposal for addressing the volatility and uncertainty in country-level financial markets, given their lack of breadth and depth, is to develop a regional integrated electronic financial market that can provide a sufficient volume of business and number of listings, among other things, to counterbalance, at least partially, the power of institutional investors.

57. Regional cooperation holds promise in several other areas, such as common training facilities; standards for the interoperability issue; infrastructure; legal approaches; and regional software development for common problems or languages. There is scope for regional efforts in developing

cooperation in technology capability, transfer and innovation and exchange of experience.

58. Of particular importance to developing countries is the issue of access to ICT. Developing countries have to take an active role in the World Trade Organization negotiations on trade in information services and to be well briefed on the possible implications of the decisions for their own development efforts.

59. International and regional agencies have an important role to play as advisers, referees or supervisors in assisting developing countries. As advisers, they can help in articulating interests and concerns in various international forums and in shaping national responses to these issues. As referees, they can provide information and influence to strengthen the negotiating capabilities of developing countries in technology acquisition in a supplier-dominated market. In addition, international agencies can be assigned the role of international supervisors and enforcers of agreed codes of conduct.

Annex

Rates of economic growth and inflation in selected economies of the ESCAP region, 1997–2001

(Percentage)

	Real GDP					Inflation a/				
	1997	1998b/	1999c/	2000c/	2001c/	1997	1998b/	1999c/	2000c/	2001c/
Developing economies of the ESCAP region d/	5.8	0.2	3.6	5.0	5.6	5.7	10.9	6.0	5.2	4.7
South and South-West Asia e/	4.6	5.3	5.6	6.6	6.9	10.5	13.2	11.5	10.4	..
Bangladesh	5.9	5.6	3.3	6.8	7.6	2.5	7.0	8.5	7.0	6.0
Bhutan	6.6	5.0	7.0	8.1	6.1	7.0	8.0	7.6	7.4	7.2
India	5.1	6.0	6.8	7.3	7.5	6.8	12.0	9.0	7.5	6.0
Iran (Islamic Republic of)	2.5	-0.3	0.6	2.8	2.7	17.3	20.3	25.0	30.0	..
Nepal	3.8	2.1	4.5	4.5	..	7.8	4.0	7.0	7.0	..
Pakistan	1.3	5.4	4.0	6.0	6.0	11.8	7.8	7.0	6.0	6.0
Sri Lanka	6.4	5.5	5.7	6.0	6.5	9.6	10.0	9.5	8.5	7.0
Turkey	7.5	4.5	4.2	3.5	7.2	85.7	57.6	53.0	46.6	43.7
South-East Asia	4.3	-6.2	0.4	2.2	3.6	7.9	27.4	10.3	9.0	..
Indonesia	4.7	-14.0	-2.2	0.0	2.5	11.6	80.0	20.0	15.0	10.0
Malaysia	7.8	-6.0	1.0	3.5	4.8	2.7	5.2	3.5	5.5	..
Myanmar	4.6	1.1	2.7	3.0	..	29.7	40.0	35.0	30.0	..
Philippines	5.2	-0.5	2.6	4.1	4.3	5.1	9.0	8.5	6.5	6.0
Singapore	7.8	1.3	0.5	2.4	4.0	2.0	-0.3	2.2	2.4	2.4
Thailand	-0.4	-7.8	0.9	2.5	3.6	5.6	8.2	3.0	4.0	4.0
Viet Nam	8.8	5.8	4.6	6.1	..	3.6	8.2	11.5	10.0	..
East and North-East Asia	7.0	1.5	4.4	5.7	6.0	4.4	3.3	3.2	2.9	3.3
China	8.8	7.8	7.0	7.6	7.3	2.8	-0.8	1.8	2.3	2.9
Hong Kong, China	5.2	-5.0	-0.5	3.3	3.7	5.7	2.6	4.1	4.3	4.3
Republic of Korea	5.5	-6.0	2.0	3.9	5.0	4.4	7.5	3.1	3.7	3.7
Taiwan Province of China	6.8	4.7	5.5	6.0	6.2	0.9	1.9	1.7	2.3	2.8
Pacific island economies	-3.7	-0.2	5.6	5.1	4.1	3.8	8.9	5.6	5.5	5.5
Fiji	-1.8	-3.9	4.5	5.5	4.5	3.4	5.4	5.0	3.0	3.0
Papua New Guinea	-5.2	1.5	6.0	5.0	4.0	3.9	11.0	6.0	7.0	7.0
Solomon Islands	0.1	-2.8	11.5	6.0	5.0	8.1	16.0	9.0	7.0	6.0
Tonga	-1.2	-0.5	4.5	3.0	3.0	2.1	3.5	3.0	2.0	2.0
Vanuatu	2.3	3.7	3.0	3.5	3.5	1.3	-1.0	3.0	2.0	2.0

Developed economies of the ESCAP region	1.0	-2.2	-0.8	1.7	2.0	1.6	0.3	-0.3	0.9	1.3
Australia	2.8	4.5	2.0	2.4	1.7	0.2	0.3	2.6	2.2	2.6
Japan	0.9	-2.7	-1.0	1.6	2.0	1.7	0.3	-0.5	0.8	1.2
New Zealand	3.2	0.2	1.0	3.6	3.3	1.1	1.5	1.5	1.3	1.1

Sources: ESCAP, based on International Monetary Fund, International Financial Statistics, vol. LI, No. 9 (September 1998); Asian Development Bank, Key Indicators of Developing Asian and Pacific Countries 1998 (Oxford University Press, 1998) and Asian Development Outlook 1998 (Oxford University Press, 1998); United Nations, Project LINK World Outlook: Countries and Regions, 30 November 1998; and The Economist Intelligence Unit, Country Reports: Myanmar (Burma); Iran; and South Korea and North Korea, 4th quarter 1998; and national sources.

a/ Referring to changes in the consumer price index.

b/ Estimates.

c/ Forecast/target.

d/ Based on data for 24 developing economies representing about 95 per cent of the population of the region (excluding the Central Asian republics); GDP at market prices in the United States dollars in 1995 has been used as weights to calculate the regional and subregional growth rates.

e/ The estimates and forecasts for countries relate to fiscal years defined as follows: fiscal year 1998/99 = 1998 for Bhutan, India and the Islamic Republic of Iran; fiscal year 1997/98 = 1998 for Bangladesh, Nepal and Pakistan.